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PUBLIC PERFORMANCE MALAYSIA SDN BHD & ANOR v. PRISM BHD

HIGH COURT MALAYA, KUALA LUMPUR
AZIZAH NAWAWI J
[CIVIL SUIT NO: 22IP-42-11-2013]
B 5 NOVEMBER 2015

INTELLECTUAL PROPERTY: *Copyright – Infringement – Licensing body – Plaintiff mandated to issue licenses and collect royalties – Defendant carried out similar role and function with that of plaintiff – Defendant published, circulated or* C *made available licensing documents to public and music users – Allegation that defendant used plaintiff's licensing documents – Copyright of licensing document – Whether owned by plaintiff – Whether defendant infringed plaintiff's copyright*

TORT: *Passing off – Elements of – Whether proved – Licensing body – Plaintiff* D *mandated to issue licenses and collect royalties – Defendant carried out similar role and function with that of plaintiff – Defendant published, circulated or made available licensing documents to public and music users – Allegation that defendant used plaintiff's licensing documents – Whether plaintiff had sufficient reputation in goods or services offered to public – Whether there was misrepresentation by* E *defendant that led public to believe that goods or services offered were by plaintiff – Whether plaintiff suffered damages or injury to business or goodwill due to defendant's misrepresentation*

The first plaintiff was a wholly-owned non-profit subsidiary of the Recording Industry Association of Malaysia ('RIM'), the national trade association F representing locally-incorporated recording companies and businesses in Malaysia. The first plaintiff was declared a licensing body under the Copyright Act 1987 ('the Act') and had the mandate and responsibility to collect royalties on behalf of recording companies who are members of RIM. Following an agreement entered into with Performers & Artistes Right (Malaysia) Sdn Bhd ('PRISM'), the first plaintiff was authorised by the latter G to issue licences and collect royalties for the public performance, broadcasting and communication to the public of recordings of performances of PRISM's members ('performances licences') and thereafter to remit such royalties after deducting administrative charges to PRISM for distribution to its members. For this purpose, the first plaintiff directed its employees to H create and prepare the necessary documents ('the first plaintiff's licensing documents'). The first plaintiff then terminated its relationship with PRISM. The defendant had similar role and function as the first plaintiff in that it licences the public and collects royalties from licensees in respect of public performance of recorded performances controlled by its members, who are I all performers. The defendant obtained its licensing documents ('defendant's licensing documents') from PRISM and had used the same in connection with its licensing activities. It had published, circulated or made available the

defendant's licensing documents to members of the public and music users. The first plaintiff commenced the present action, claiming that the defendant had used its licensing documents without its permission and sued the defendant for copyright infringement and the tort of passing off. The issues that arose for the court's adjudication were (i) whether the first plaintiff owned the copyright of the plaintiff's licensing documents; (ii) whether the defendant had infringed the first plaintiff's copyright; and (iii) whether the defendant had passed off itself as an authorising licensing body for RIM or RIM members.

Held (allowing plaintiff's claim):

(1) The first plaintiff's licensing documents were literary work within the meaning of s. 3 of the Act as they were pamphlets in printed forms and other writings and tables or compilations, whether or not expressed in words, figures or symbols. The defendant failed to produce any evidence to show that the copyright in the first plaintiff's licensing documents belonged to PRISM. Nobody from PRISM was called to give evidence on the copyright ownership. In the absence of anyone from PRISM giving evidence on copyright ownership, there was no dispute to the first plaintiff's assertion that the ownership of copyright in the licensing documents vested in the first plaintiff. (paras 12 & 27)

(2) The fact that PRISM was in possession of the licensing documents did not mean they owned the copyright in the said documents. There is nothing in the Act which vests copyright in a person by reason only of physical possession of the copyrighted work. In view of the previous contractual relationship between the first plaintiff and PRISM, it is expected that PRISM would have in their possession the first plaintiff's licensing documents. Bearing in mind that copyright was vested in the first plaintiff, there was no evidence to indicate that there had been any assignment or any transfer of the copyright in the first plaintiff's licensing documents to PRISM. (paras 28, 29 & 30)

(3) The first plaintiff had established that the defendant had infringed the first plaintiff's copyright in the licensing documents by reproducing and/or causing reproduction of the same. There was substantial similarity in the format used, the headings, the layout and the wordings appearing in them. Almost the whole of the first plaintiff's licensing documents had been copied and reproduced by the defendant's infringing documents. This was even admitted by the defendant's witness and it was also the defendant's own evidence that they had prior access to the first plaintiff's licensing documents through PRISM. (paras 35, 40 & 44)

(4) The plaintiffs had established the elements for an action in passing off against the defendant. The public and music users recognised and knew that the first plaintiff had acted as the authorised licensing body for RIM and/or RIM members. RIM and/or RIM members had not, at any time, authorised or permitted the defendant to negotiate and/or grant licenses for the public performance of RIM members' recordings. The defendant's misrepresentations had caused confusion and deception to music users and the plaintiffs' licensees and further caused inconvenience, interference, prejudice, injury and damage to the plaintiffs. The defendant's misrepresentations would direct the same business away from the plaintiffs. The damages to the first plaintiff's goodwill would be readily inferred as both parties were competing for the same business. (paras 46, 50, 55 & 58)

Case(s) referred to:

Designers Guild Ltd v. Russell Williams (Textiles) Ltd [2000] 1 WLR 2416 ***(refd)***

Elster Metering Ltd & Anor v. Damini Corp Sdn Bhd & Anor [2010] 1 LNS 397 HC ***(refd)***

Excelsior Pte Ltd v. Excelsior Sport (S) Pte Ltd [1985] 1 LNS 60 HC ***(refd)***

Ho Tack Sien & Ors v. Rotta Research Laboratorium S.p.A & Anor [2012] 8 CLJ 645 CA ***(refd)***

Kiwi Brands (Malaysia) Sdn Bhd v. Multiview Enterprises Sdn Bhd [1998] 2 CLJ Supp 194 HC ***(refd)***

Megnaway Enterprise Sdn Bhd v. Soon Lian Hock (No 2) [2009] 8 CLJ 130 HC ***(refd)***

Microsoft Corporation v. Yong Wai Hong [2008] 6 CLJ 223 CA ***(refd)***

Plastech Industrial Systems Sdn Bhd v. N & C Resources Sdn Bhd & Ors [2012] 5 MLJ 258 ***(refd)***

Reckitt & Colman Ltd v. Borden Inc [1990] 1 All ER 873 ***(refd)***

Rock Records (M) Sdn Bhd v. Audio One Entertainment Sdn Bhd [2005] 1 CLJ 200 HC ***(refd)***

Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 3 CLJ 7 SC ***(refd)***

Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors [2004] 3 CLJ 815 CA ***(refd)***

Syarikat Zamani Hj Tamin Sdn Bhd & Anor v. Yong Sze Fun & Anor [2006] 5 MLJ 262 ***(refd)***

University of London Press Ltd v. University Tutorial Press Ltd [1961] 2 Ch 601 ***(refd)***

Yong Sze Fun & Anor v. Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 AMR 389 ***(refd)***

Legislation referred to:

Copyright Act 1987, ss. 3, 7(3), 10, 13(1), 26(1), 27(3), 36(1), 42

Other source(s) referred to:

Khaw Lake Tee, *Copyright Law in Malaysia*, p 65

For the plaintiffs - Linda Wang; M/s Zaid Ibrahim & Co

For the defendant - Nuraini Selamat; M/s Sharif & Khoo

Reported by Najib Tamby

JUDGMENT

Azizah Nawawi J:

Introduction

[1] The plaintiffs' claim against the defendant is for copyright infringement and passing off.

[2] At the end of the trial, this court has allowed the plaintiffs' claim against the defendant, for copyright infringement and passing off, with costs.

The Salient Facts

[3] From the 'statement of agreed fact' signed by both parties and filed in this court and from the evidence presented before this court, the facts of this case are as follows:

(i) the first plaintiff is a company established in Malaysia and is a wholly owned non-profit subsidiary of the Recording Industry Association of Malaysia ('RIM').

(ii) the first plaintiff is a declared licensing body under the Copyright Act 1987 and has the mandate and responsibility to collect royalties on behalf of recording companies who are members of RIM ('RIM members') from those granted licenses to publicly perform sound, music videos and/or karaoke recordings of authorising RIM members ('RIM members' recordings'). The first plaintiff has acted as a licensing body since its establishment in 1988.

(iii) RIM is the national trade association representing locally incorporated recording companies and businesses in Malaysia. All RIM members are involved in the production, manufacturing and distribution of local and international sound, music video and/or karaoke recordings. RIM members account for about 95% of all legitimate commercial recordings in the Malaysian music market. Over 295 music industry based companies in Malaysia are currently RIM members.

(iii) the second plaintiff is the Chief Executive Officer of RIM, which is a society registered with the Registrar of Societies.

(iv) the defendant is a company registered in Malaysia and the nature of its business is to act on behalf of the recording performers being the artist, musician or person entitled to the performer's right in any sound recording.

(v) Performers & Artistes Rights (Malaysia) Sdn Bhd ('PRISM Sdn Bhd') was set up in March 2001 to protect and enforce the rights of the performers who are its members and to collect and administer royalties for the performers rights on behalf of its members. PRISM Sdn Bhd was the first entity set up to represent performers' rights on behalf of performers in Malaysia.

(vi) the first plaintiff has entered into an agreement with PRISM Sdn Bhd on 19 February 2002, whereby the first plaintiff was authorised by PRISM Sdn Bhd to issue licenses and collect royalties for the public performance, broadcasting and communication to the public of recordings of performances of PRISM Sdn Bhd's members ('performances licences') and thereafter to remit such royalties, after deducting administrative charges, to PRISM Sdn Bhd for distribution to its members.

(vii) for the purpose of issuing the licences on behalf of PRISM Sdn Bhd, the first plaintiff has directed its employees to create and prepare the following documents:

(a) Application for PRISM copyright licence;

(b) Terms and conditions of licence agreement; and

(c) List of standard public performance tariff.

(collectively referred to as the 'first plaintiff's licensing documents').

(vii) on 31 December 2011, the first plaintiff terminated its relationship with PRISM Sdn Bhd, which is presently not active. From 1 January 2012, the first plaintiff acted for the Recording Performers Malaysia Berhad ('RPM') to issue licences for performer rights and collect royalties.

(viii) the defendant has similar role and function as the first plaintiff, in that it licences the public and collects royalties from licensees in respect of public performance of recorded performances controlled by its members, who are all performers. On 1 July 2013, it was declared a copyright licensing body.

(ix) the defendant used the defendant's licensing documents in connection with its licensing activities. It has published, circulated or made available the defendant's licensing documents to members of the public and the music users.

(x) the defendant has obtained the defendant's licensing documents from PRISM Sdn Bhd.

[4] It is the contention of the first plaintiff that the defendant has used its licensing documents without its permission and sued the defendant for copyright infringement and the tort of passing off.

The Agreed Issues To Be Tried

[5] On the claim for copyright infringement, parties have agreed to the following issues:

(i) whether the first plaintiff owns the copyright in the following documents ('first plaintiff's licensing documents'):

(a) Application for PPM and PRISM copyright licence;

(b) Terms and conditions of licence agreement; and

(c) List of standard public performance tariff.

(ii) whether the defendant has infringed the first plaintiff's copyright in the licensing documents by reproducing and/or causing the reproduction of the first plaintiff's licensing documents or a substantial part thereof without the licence or permission of the first plaintiff.

[6] With regards to the claim of passing off, parties have agreed to the following issues:

(i) whether the defendant has made the false representation that it is authorised to negotiate and grant licences for the public performance of recordings on behalf of the members of RIM.

(ii) whether the false representation by the defendant is likely to lead members of the public and music users to be deceived and/or wrongly believe that the defendant is an authorised licensing body for RIM or RIM Members.

(iii) whether the plaintiffs have suffered or be likely to suffer damage, injury or loss by reason of the representation falsely made by the defendant that it is an authorising licensing body for RIM or RIM members.

(iv) whether the defendant has passed off itself as an authorising licensing body for RIM or RIM members.

Findings Of The Court

Issue On Copyright Infringement

[7] The plaintiffs' claim for copyright infringement against the defendant is premised on s. 36(1) of the Copyright Act 1987 ('Act 332') which read as follows:

36. Infringements.

(1) Copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.

[8] In order to establish a claim of copyright infringement, the onus is on the plaintiffs to establish, on the balance of probabilities, the following elements:

(i) whether the first plaintiff's licensing documents are eligible for copyright protection;

(ii) whether the first plaintiff owns the copyright in the first plaintiff's licensing documents; and

(iii) whether the defendant has infringed the first plaintiff's copyright.

[9] The first plaintiff claims copyright in the following licensing documents:

(a) Application for PPM and PRISM copyright licence;

(b) Terms and conditions of licence agreement; and

(c) List of standard public performance tariff.

[10] The first plaintiff submits that the licensing documents falls within the definition of literary work as defined by s. 3 of the Copyright Act, which reads as follows:

> Literary work includes novels, stories, books, pamphlets, manuscripts, poetical works and other writings and tables or compilations, whether or not expressed in words, figures or symbols and whether or not in a visible form.

[11] In *University of London Press Ltd v. University Tutorial Press Ltd* [1961] 2 Ch 601, the court explained 'literary work' as follows:

> It may be difficult to define 'literary work' as used in this Act, but it seems to be plain that it is not confined to 'literary work' in the sense in which the phrase is applied, for instance, to Meredith's novels and the writings of Robert Louis Stevensen ... In my view the words 'literary work' cover work which is expressed in print or writing, irrespective of the question whether the quality or style is high ...

[12] Therefore, in the present case, I agree with the submission of the first plaintiff that the first plaintiff's licensing documents are literary work within the meaning of s. 3 of the Act 332, as they are pamphlets in printed forms and other writings and tables or compilations, whether or not expressed in words, figures or symbols.

[13] For literary work to be eligible for copyright, it must comply with s. 7(3) of the Act 332, which states that:

> A literary, musical or artistic work shall not be eligible for copyright unless:
>
> (a) sufficient effort has been expended to make the work original in character; and
>
> (b) the work has been written down, recorded or otherwise reduced to material form.

[14] Section 7(3) of the Act 332 was considered by the court in *Kiwi Brands (Malaysia) Sdn Bhd v. Multiview Enterprises Sdn Bhd* [1998] 2 CLJ Supp 194, where it was held that:

> The word 'original' that appears in s. 7(3)(a) of the Copyright Act 1987 does not mean that the work must be the expression of original or inventive thought. I am of the considered view that the originality, which is required, relates to the expression of the thought; it does not require that the expression must be an original or even novel form. **The work must not be copied from another work. It should originate from the author**. (emphasis added)

[15] In this trial, the defendant did not challenge the originality of the first plaintiff's licensing documents. As such, I accept the evidence of PW2, the CEO of the first plaintiff that the first plaintiff's licensing documents were created by the employees of the first plaintiff when the first plaintiff became the exclusive agent of PRISM Sdn Bhd to issue licences and collected royalties in respect of performers' rights which was only established then. PW2 added that:

> We had to create the Licensing Documents as we needed to use them in performing and discharging the 1st Plaintiff's role and responsibilities as licensing and collecting agent for PRISM Sdn Bhd ...

[16] There is also no issue with the requirement of s. 10 of the Act 332 which stipulates that copyright shall subsist in every work eligible for copyright if the work is made in Malaysia. From the evidence of PW2, the first plaintiff's licensing documents were created by the employees of the first plaintiff in the course of their employment in Malaysia.

[17] The next issue is with regards to the ownership of the literary works, the first plaintiff's licensing documents. On this, PW2 gave the following evidence:

> ... I instructed the 1st Plaintiff's employees and worked with them to create the documents at pp 8, 10 and 11, which I will call the 'Licensing Documents' ... (see Q&A 26)

PW2 also said that the first plaintiff paid for the creation of the licensing documents:

> The 1st Plaintiff. They were created by the 1st Plaintiff's employee in the course of their work, using the 1st Plaintiff's resources and materials. After I had approved and finalised the format, style and content of the Licensing Documents, they were made publicly available, both in printed copies and for download online. (see Q&A 28)

[18] Therefore, since the first plaintiff's licensing documents were created by the employees of the first plaintiff in the course of their employment, then pursuant to s. 26(1) of the Act 332, the copyright in the said licensing documents is deemed transferred from the employee authors/makers to the first plaintiff, as their employer.

[19] The first plaintiff's ownership of the copyright in the first plaintiff's licensing documents, which are at pp. 8, 10 and 11 of Bundle B, is further supported by the statutory declaration affirmed by PW2 ('SD') pursuant to s. 42 of the Act 332, which reads:

> 42. Affidavit admissible in evidence
>
> (1) An affidavit, certified extracts of the Register of Copyright referred to in section 26B or statutory declaration made before any person having authority to administer oath by or on behalf of any person claiming to be:
>
> (a) the owner of the copyright in any works eligible for copyright under this Act stating that:
>
> (i) at the time specified herein copyright subsisted in such work;
>
> (ii) he or the person named therein is the owner of the copyright; and
>
> (iii) a copy of the work annexed thereto is the true copy thereof; or
>
> (b) ...,
>
> shall be **admissible in evidence in any proceedings under this Act and shall be *prima facie* evidence of the facts contained therein**. (emphasis added)

[20] The application of s. 42 was considered by the Court of Appeal in *Elster Metering Ltd & Anor v. Damini Corp Sdn Bhd & Anor* [2010] 1 LNS 397; [2011] 8 MLJ 253, where the court held at pp. 260-261:

> Section 42 stipulates five prerequisites, which are as follows:
>
> (a) it must be made by or on behalf of the person claiming to be the copyright owner;
>
> (b) it must state the copyright subsist in the work at the time specified;
>
> (c) that he or the person named therein is the owner of the copyright;
>
> (d) a true copy of the work is annexed;
>
> (e) the person who is authorised to act on behalf of the copyright must produce such an authorisation in writing ...

[21] From the statutory declaration ('SD') affirmed by PW2, at pp. 1-7 of Bundle B, I am of the considered opinion that the SD has complied with s. 42 of the Act 332, and which states that copyright in the first plaintiff's licensing documents, annexed as ex. B, which are the same documents at pp. 8, 10 and 11 of Bundle B, is owned by the first plaintiff.

[22] Therefore, I am of the considered opinion that pursuant to s. 42, the first plaintiff has established *prima facie* evidence that the first plaintiff is the owner of the copyright in the first plaintiff's licensing documents at pp. 8, 10 and 11 of Bundle B. This is supported by the decision of Justice Abdul

Malik Ishak in *Rock Records (M) Sdn Bhd v. Audio One Entertainment Sdn Bhd* [2005] 1 CLJ 200; [2005] 3 MLJ 552 where His Lordship said at p. 209 (CLJ); p. 560 (MLJ):

> It is quite apparent that s. 42 of the Copyright Act 1987 prescribes the manner of proving copyright subsistence and ownership of works. It provides that an affidavit or statutory declaration to be made by the copyright owner or persons authorised by the copyright owner and such affidavit or statutory declaration shall be admissible in any proceedings as *prima facie* evidence of the facts contained therein. It is quite obvious that s. 42 of the Copyright Act 1987 was enacted to facilitate and ease the process of proving copyright ownership. It is a concession of a sort. It circumvents the requirement of having to produce supporting documentary evidence which may be antiquated and voluminous Section 42 of the Copyright Act 1987 places the burden on the infringer to dispute and challenge the *prima facie* evidence adduced by the copyright owner.

[23] The admission of the SD, which complies with s. 42 of the Act 332 will have the effect of shifting the burden of proof to the defendant to rebut the *prima facie* evidence as to the subsistence of copyright in the first plaintiff's licensing documents and the first plaintiff's ownership to such copyright. This is affirmed by the decision of the Court of Appeal in *Microsoft Corporation v. Yong Wai Hong* [2008] 6 CLJ 223, where the Court held at p. 232:

> In the present case, the appellant filed an affidavit which complies with section 42(1) of the Copyright Act. *The effect of that is to provide prima facie evidence of the facts of the appellant's ownership of the copyright over several works in question. It was then for the respondent to offer positive evidence to displace the appellant's prima facie ownership, for example, by showing that some other person is the true owner of the claimed copyright*. But that, as has already been seen is not what the respondent did. (emphasis added)

[24] It is the defendant's case that the ownership of copyright in the licensing documents at pp. 8, 10 and 11 of Bundle B belonged to PRISM Sdn Bhd.

[25] DW1, a director of the defendant gave evidence that they did not know that the documents at pp. 8, 10 and 11 of Bundle B belonged to the plaintiffs:

> Tidak, saya tidak tahu kerana Defendan hanya menggunakan Dokumen-dokumen Perlesenan milik PRISM Sdn Bhd yang mana Defendan telah tukar kepada PRISM Berhad atas dasar bahawa PRISM Sdn Bhd melalui Pengerusi kepada Lembaga Pengarah menyatakan sendiri melalui suratnya bahawa segala dokumen termasuk Tarif dan juga dokumen-dokumen perlesenan diberikan kepada Defendan. Kesemua hak cipta Permohonan Untuk Lesen Hak Cipta PRISM Sdn Bhd, terma-terma dan syarat-syarat Perjanjian Perlesenan dan senarai tariff Standarad Persembahan Awam adalah milik PRISM Sdn Bhd yang mana PRISM

A Sdn Bhd telah sebulat suara di dalam Board dan Management Resolution menyerahkan semua dokumen di atas kepada Defendan berdasarkan surat bertarikh 1.6.2012. (see Q&A 14)

[26] The defendant relied on the letter dated 1 June 2012 issued by the Chairman of the Board of Directors of PRISM Sdn Bhd (exh. D3) to the B defendant which, *inter alia*, reads:

Refer to the above subject, kindly be informed that we have come into the resolution from the board and management decision that:

- ...

C - And all documentation works include Tariff and Licensing Form under Performers & Artistes Rights (M) Sdn Bhd will be transfer to Prisma Berhad.

[27] However, apart from relying totally on the said letter, the defendant failed to produce any evidence to show that the copyright in the first D plaintiff's licensing documents belonged to PRISM Sdn Bhd. Nobody from PRISM Sdn Bhd was called to give evidence on the copyright ownership. Bearing in mind that the first plaintiff and PRISM Sdn Bhd are the only parties privy to the licensing documents, in the absence of any one from PRISM Sdn Bhd giving evidence on copyright ownership, I am of the considered opinion that there is no dispute to the first plaintiff's assertion that E the ownership of copyright in the licensing documents vests in the first plaintiff.

[28] Added to that, I agree with the plaintiffs that the fact that PRISM Sdn Bhd were in possession of the licensing documents does not mean that they F (PRISM Sdn Bhd) own the copyright in the said documents. There is nothing in the Act 332 which vests copyright in a person by reason only of physical possession of the copyrighted work. This is confirmed by Khaw Lake Tee, *Copyright Law in Malaysia* at p. 65, which states that "Mere possession of a copyright work is not good evidence of title". This was also admitted to by the defendant's witness, DW2: G

LW: Coming back to my question, just because I went to the shop or I have possession of that CD, can I say that I am the copyright owner of that sound recording in that CD?

DW2: I rasa tidak

H (Notes of Evidence, p. 101 lines 4-7.)

[29] Added to that, in view of the previous contractual relationship between the first plaintiff and PRISM Sdn Bhd, it is expected that PRISM Sdn Bhd would have (and still have) in their possession, the first plaintiff's licensing documents. I

[30] In any event, bearing in mind that copyright is clearly vested in the first plaintiff, there is no evidence to indicate that there has been any assignment or any transfer of the copyright in the first plaintiff's licensing

documents to PRISM Sdn Bhd or the defendant. Section 27(3) of Act 332 provides that an assignment of copyright must be in writing and there is no evidence produced by the defendant of any such assignment from the first plaintiff. To the contrary, PW2 testified that:

> 35. The 1st Plaintiff has not transferred, assigned or given copyright or any other rights to PRISM Sdn Bhd with respect the Licensing Documents. For the whole time that the 1st Plaintiff was appointed the exclusive licensing and collecting agent for PRISM Sdn Bhd, the Licensing Documents were used by the 1st Plaintiff. After the relationship was terminated with PRISM Sdn Bhd on 31.12.2011, the 1st Plaintiff continued to use the Licensing Documents in relation to its new role as the exclusive licensing and collecting agent for RPM which took effect on 1.1.2012, with only minor adjustments to the Licensing Documents to reflect that the performers represented are members of RPM instead of members of PRISM Sdn Bhd. As the 1st Plaintiff needed to continue using the Licensing Documents in its role as agent for RPM, it will obviously not divest or give up rights to them, whether to PRISM Sdn Bhd or any other person.
>
> 36. From the time when the 1st Plaintiff agreed to be the licensing and collecting agent for PRISM Sdn Bhd to the termination of the relationship in 2012, I was holding positions of higher management including as Deputy CEO of the 1st Plaintiff when the relationship ended in 2011. I would most certainly be aware if there was any transfer, assignment or licence of rights by the 1st Plaintiff over the Licensing Documents. There was no such transfer, assignment or licence. In any case, the 1st Plaintiff would not have agreed to it considering that it was necessary for the 1st Plaintiff to continue using the Licensing Documents as I have already explained.

[31] Premised on my reasons above, I am of the considered opinion that copyright subsists in the first plaintiff's licensing documents and that the first plaintiff is the owner of such copyright.

[32] The next issue is whether the defendant has infringed the first plaintiff's copyright in the licensing documents by reproducing and/or causing the reproduction of the licensing documents or a substantial part thereof without the licence or permission of the first plaintiff under s. 36(1) read with s. 13(1) of the Act 332.

[33] The application of both ss. 36(1) and 13(1) was considered by Justice Low Hop Bing in *Megnaway Enterprise Sdn Bhd v. Soon Lian Hock (No 2)* [2009] 8 CLJ 130; [2009] 3 MLJ 525 where His Lordship held at p. 143 (CLJ); p. 536 (MLJ):

> The essential elements constituting copyright infringement have been set out by Sir Raymond Evershed MR in *Purefoy Engineering Co Ltd v. Sykes Boxall & Co Ltd* (1955) 72 RPC 89. Prof Dr Khaw Lake Tee adopted these elements in *Copyright Law in Malaysia* [1994] at pp. 87 and 88 as follows:

For purposes of direct infringement, it must be established that:

(a) There is sufficient objective similarity between the original work or a substantial part thereof, and the infringing copy;

(b) There is a causal connection between the original work and the infringing copy, that is, the infringing copy must have been copied from the original work, whether directly or indirectly; and

(c) What has been infringed must constitute a substantial part of the original work.

[34] On the issue of objective similarity, the House of Lords in *Designers Guild Ltd v. Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416 held at p. 2425:

> … the first step in an action for infringement of artistic copyright is to identify those features of the defendant's design which the plaintiff alleges have been copied from the copyright work. The court undertakes a visual comparison of the two designs, noting the similarities and the differences. The purpose of the examination is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying than of coincidence. It is at this stage that similarities may be disregarded because they are commonplace, unoriginal, or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges to have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying.

[35] Having taken a visual comparison between the first plaintiff's licensing documents and the defendant's licensing documents, I find that objectively, in both the defendant's and the first plaintiff's licensing documents, there is substantial similarity in the format used, the headings, the lay out and the wordings appearing in them. I agree with the first plaintiff that almost the whole of the first plaintiff's licensing documents have been copied and reproduced by the defendant's infringing documents.

[36] This was even admitted in evidence by DW2 under cross-examination:

> LW: Please go to Bundle C, page 3 and Bundle B, page 11. Would it be fair to say the documents are substantially the same? Not identical. Substantially the same? Yes?
>
> DW2: Yes
>
> LW: Please go to Bundle C, page 2 and also look at Bundle B, page 10 …
>
> Would it also be fair to say that the documents are substantially the same?

DW2: substantially, yes but it's not really the same.

LW: Not identical. Can you go to Bundle C, page 1 and then look at Bundle B, page 8. Would it also be fair to say that the documents are substantially the same?

DW2: Yes. (see pages 104 - 105 NP)

[37] The next issue is on the causal connection between the original work (the first plaintiff's licensing documents) and the infringing copy (the defendant's licensing documents), that is, the infringing copy must have been copied from the original work, whether directly or indirectly link.

[38] On this issue of causal connection, Justice Azhar Mohamad in *Plastech Industrial Systems Sdn Bhd v. N & C Resources Sdn Bhd & Ors* [2012] 5 MLJ 258 has held that there was causal connection between the infringing works of the first defendant and the plaintiff's copyright works as the second to the fourth defendants had prior access to the plaintiff's works. Therefore, prior access to the copyrighted work may establish causal connection between the works in issue.

[39] In the present case, it is the defendant's pleaded case that it had prior access to the first plaintiff's licensing documents through PRISM Sdn Bhd. Paragraph 9 of the statement of defence reads:

Merujuk kepada perenggan 8 Pernyataan Tuntutan, Defendan mengakui setakat mana diakui di dalam perenggan tersebut dan seterusnya PRISM Sdn Bhd telah menyatakan bahawa segala dokumen termasuklah Tarif dan juga Dokumen-dokumen Perlesenan telah diberikan kepada Defendan oleh Pengerusi kepada Lembaga Pengarah PRISM Sdn Bhd sendiri.

[40] Added to that, it is the defendant's own evidence that they had prior access to the first plaintiff's licensing documents through PRISM Sdn Bhd. In his witness statement, WSDW1 (Q8 and 9), DW2 gave the following evidence:

S: Kenapa kamu berada di Mahkamah pada hari ini?

J: Terdapat pertikaian bahawa Defendan dikatakan telah menggunakan dan membuat representasi palsu dengan menggunakan Dokumen-dokumen Perlesenan milik Plaintif Pertama untuk mengutip royalti daripada ahli-ahli Recording Industry Association ("RIM").

S: Kenapa perkara ini boleh terjadi?

J: Performers & Artistes Rights (Malaysia) Sdn Bhd ("PRISM Sdn Bhd") sendiri melalui Pengerusi kepada Lembaga Pengarahnya telah menyatakan bahawa segala dokumen termasuklah Tarif dan juga Dokumen-dokumen Perlesenan diberikan kepada Defendan melalui surat mereka bertarikh 1.6.2012 [seperti di m/s 14, Ikatan Dokumen C].

[41] However, it is the submission of the defendant that the infringing documents are not the defendant's documents. But the defendant's pleaded case states otherwise:

> 14. ... PRISM Sdn Bhd telah menyatakan bahawa segala dokumen termasuklah Tarif dan juga Dokumen-dokumen Perlesenan telah diberikan kepada Defendan oleh Pengerusi kepada Lembaga Pengarah PRISM Sdn Bhd sendiri ...
>
> ...
>
> 16. .... Defendan menggunakan Dokumen-dokumen Perlesenan langgaran tersebut atas alasan PRISM Sdn Bhd telah menyatakan bahawa segala dokumen termasuklah Tarif dan juga Dokumen-dokumen Perlesenan telah diberikan kepada Defendan oleh Pengerusi kepada Lembaga Pengarah PRISM Sdn Bhd sendiri ...
>
> ....
>
> 20. Seterusnya Defendan mengeluarkan Dokumen-dokumen Perlesenan yang telah dikatakan telah dilanggar atas alasan PRISM Sdn Bhd telah menyatakan bahawa segala dokumen termasuklah Tarif dan juga Dokumen-dokumen Perlesenan telah diberikan kepada Defendan oleh Pengerusi kepada Lembaga Pengarah PRISM Sdn Bhd sendiri.
>
> Defendan juga telah menarik balik Dokumen-dokumen Perlesenan tersebut ...

[42] Added to that, in their evidence both DW1 and DW2 have admitted to have used, copied and reproduced the first plaintiff's licensing documents which have been given to them by PRISM Sdn Bhd.

[43] It is also the defendant's pleaded case that they have no knowledge of the first plaintiff's copyright in the first plaintiff's licensing documents, as they had obtained the documents from PRISM Sdn Bhd. However, it is trite that knowledge or intention is not essential to prove copyright infringement. The Court of Appeal in *Elster Metering Limited (supra)* held in para. 12 as follows:

> It is also equally clear law that neither intention to infringe, nor knowledge that he is infringing on the part of the defendant (respondent), is a necessary ingredient in the cause of action for infringement of copyright. Once the two elements of sufficient objective similarity and causal connection are established, it is no defence that the defendant was unaware (and could not have been aware) that what he was doing infringed the copyright of the plaintiff's work. (emphasis added)

[44] Premised on the above reasons, I find that the first plaintiff has established that the defendant had infringed the first plaintiff's copyright in the licensing documents, by reproducing and/or causing reproduction of the same.

Issue On Passing Off

[45] Our Court of Appeal in the case of *Ho Tack Sien & Ors v. Rotta Research Laboratorium S.p.A & Anor* [2012] 8 CLJ 645 have applied the House of Lord decision in *Reckitt & Colman Ltd v. Borden Inc* [1990] 1 All ER 873, where it was held that in order to establish an action for passing off, the plaintiff must prove the following:

(i) that he has sufficient reputation or goodwill in the mark, trademark, get-up or other indicia in question under which his particular goods or services or offered to the public;

(ii) he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to belief that goods or services offered by him are the goods services of the plaintiff; and

(iii) he must demonstrate that he suffers or had suffered or is likely to suffer damage or injury to his business or goodwill by reason of the erroneous belief and engendered by the defendant's misrepresentation that the source of the defendant's good or services is the same of the source offered by the plaintiff.

[46] With regards to goodwill and reputation, I agree with the plaintiffs' submission that the first plaintiff has acted as a licensing body and has negotiated and/or granted licences and collected royalties for the public performance of RIM members' recordings since 1988, 26 years ago. The public and music users recognise and know that the first plaintiff has acted and acts as the authorised licensing body for RIM and/or RIM members.

[47] On the issue of misrepresentation, the High Court in *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v. Yong Sze Fun & Anor* [2006] 5 MLJ 262, has held that:

> Misrepresentation in the passing off sense is a false representation on the part of the defendant which causes damage to the goodwill and reputation of the plaintiff through an unlawful association created between the defendant and the plaintiff. As set out by Lord parker in *Spalding v. Gamage* at p. 450:
>
> > The basis of a passing off action being false representation by the defendant, it must be proven in each case as a fact that the false representation has been made. It may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is where the representation is implied in the use or imitation of a trade mark, trade name or get-up with which the goods of another are associated in the minds of the public.

[48] The defendant's misrepresentation or false representation can be seen from para. 2 of its "terms and conditions of license agreement" (exh. P1), where the defendant has made the following misrepresentation:

> PRISM is authorised to negotiate and grant licences for the Public Performance of Recordings on behalf of RIM members and/or ...

[49] In para. 1 of the said document, "RIM members" is given the meaning the "producers of the recordings who are members of the Recording Industry Association of Malaysia (RIM), an association registered under the laws of Malaysia."

[50] I agree with the plaintiffs' submission that RIM and RIM members have not at any time authorised or permitted the defendant to negotiate and/or grant licences for the public performance of RIM members' recordings. This is very clearly established by the following evidence:

(i) PW2 testified that RIM and RIM embers have not at any time authorised or permitted the defendant to negotiate and/or grant licences for the public performance of any RIM members' recordings; and

(ii) DW1 admitted that RIM has not at any time given rights or authority to the defendant (notes of evidence, p. 84, lines 11-13)

[51] The last element in the tort of passing off is damages. In *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v. Yong Sze Fun & Anor* [2006] 5 MLJ 262, the court held that:

> There are various heads of damage but the generally recognised heads of damage could be labelled in two ways which are destruction and diversion. In the first case (destruction) the goodwill will be destroyed, damaged or depreciated. In the second case (diversion) the goodwill as such may not initially be damaged to any measurable extent but the plaintiff is just as certainly deprived of its benefit the attractive force which the goodwill may draw in custom as powerfully as before but draw it to the defendant, instead of the plaintiff.
>
> ...
>
> But goodwill will be protected even if there is minimal damage in the above sense. For example, it has been long recognised that a defendant cannot avoid a finding of passing off by showing that his goods or services are as good or better quality than the claimant's. In such a case, although the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because instead of benefiting from the exclusive rights to his property, the latter now finds that someone else is squatting on it. (emphasis added)

[52] It is also settled law that actual damage need not be proven. A probability of damage is sufficient. In *Yong Sze Fun & Anor v. Syarikat Zamani Hj Tamin Sdn Bhd* [2012] 1 AMR 389 it was held by the Court of Appeal as follows:

> [240] The law is settled. Actual damages need not be proven. It is sufficient to show a probability of damage. In this regard, the case of *HP Bulmar Ltd and Showering Ltd v. J Bollinger SA and Champagne Lanson Pere Et Fils* [1978] RPC 79 immediately comes to the forefront. There, Buckley LJ had this to say at page 95 of the report:
>
> > It is well settled that a plaintiff in a passing off action does not have to prove that he had actually suffered damage by loss of business or in any other way. A probability of damage is enough, but the actual or probable damage must be damage to him in his trade or business, that is to say, damage to his goodwill in respect of that trade or business. Goodwill is a word of wide import.

[53] In the case of *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 3 CLJ 7, the Supreme Court held that if the goods in question are in direct competition with one another, the issue of damage to the plaintiff's goodwill will be readily inferred. The Supreme Court correctly held at p. 15 g-h:

> In an action for passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage. However, if the goods in question, as in this case, are in direct competition with one another, the Court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of the exclusive use of his name (emphasis added)

[54] Similarly in *Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors* [2004] 3 CLJ 815, the Court of Appeal held:

> It is also prerequisite that the said misrepresentation had deceived or is likely to deceive and that the respondents are likely to suffer damage by such deception (*The law of Passing Off Unfair Competition by Misrepresentation* by Christopher Wadlow, 3rd edn, p 294). But where the products are the same or similar, as in this case, damage is readily inferred (see *Chuan Seng & Anor*, *Supra*, JC Eno, Ltd, *supra*) (emphasis added)

[55] In the present case, both the first plaintiff and the defendant are offering the same service, and are directly competing with each other to license the public performance and collect royalties from licensees in respect of public performance of recorded performances controlled by its members, who are all performers. Therefore, the defendant's misrepresentation will direct the same business away from the plaintiff. Additionally, premised on *Seet Chuan Seng*'s case, the damages to the first plaintiff's goodwill will be readily inferred as both parties are competing for the same business.

[56] It is also the submission of the plaintiffs that the misrepresentation or false representation has caused confusion to music users and potential licensees, as can be seen from the following evidence:

(i) PW1's testimony (WSPW1, Ans. 5)

We were confused if the 1st Plaintiff was still representing the 2nd Plaintiff and its members or if the 2nd Plaintiff had appointed another agent to collect royalties from us, in addition to the 1st Plaintiff. We did not understand why we have to additionally pay the music royalties to the Defendant. I contacted the 1st Plaintiff for clarification and explanation.

(ii) PW2's testimony (WSPW2, Ans. 49)

The recipients of the Defendant's notice at pp 32 and 33, Song Box Entertainment and Giant Malaysia, were confused if the 1st Plaintiff was still representing RIM Members and had sent those notices to the 1st Plaintiff for clarification and explanation. In addition to Song Box Entertainment and Giant Malaysia, the 1st Plaintiff received numerous and many more calls and enquiries from its licensees and other music users about the Defendant's notice. As I said, it caused us a lot of problems. Confusion was caused to licensees and music users and some were annoyed and irritated, having the wrong impression that RIM and/or RIM Members were appointing another agent to collect again from them, in addition to the 1st Plaintiff. We had to do a lot of explaining and the 1st Plaintiff also had to assure licensees that it is still vested with authority and powers to licence and collect on behalf of RIM Members. The Defendant's false representation and passing off caused RIM and the 1st Plaintiff to suffer undue interference and disturbance to their licensing affairs and activities.

[57] In *Excelsior Pte Ltd v. Excelsior Sport (S) Pte Ltd* [1985] 1 LNS 60; [1986] MLJ 130, the Singapore High Court held that an action for passing off would lie whenever the defendant company's name is calculated to deceive and consequently to divert business from the plaintiff to the defendant, or to occasion a confusion between the two business.

[58] In the present case, the evidence shows that the defendant's misrepresentation has caused confusion and deception to music users and the plaintiffs' licensees and has further caused inconvenience, interference, prejudice, injury and damage to the plaintiffs.

[59] In the premise, I am of the considered opinion that the plaintiffs have established the elements for an action in passing off against the defendant.

Conclusion

[60] For the reasons enumerated above, I allow the plaintiffs' claim against the defendant.